

A BILL

FOR AN ACT TO PREVENT UNJUST FORFEITURES OF LIFE INSURANCE POLICIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SECTION 1. No policies of insurance on life hereafter issued by any life insurance company authorized
2 to do business in this state on and after the first day of July, A. D. 1894, shall, after payment upon it of
3 two full annual premiums, be forfeited or become void by reason of the non-payment of premium thereon,
4 but it shall be subject to the following rules of commutation, to-wit: The net value of the policy, when the
5 premium becomes due and is not paid, shall be computed upon the American experience table of mortality,
6 with four and one-half per cent per annum, and after deducting from three-fourths of such net value any
7 notes or other indebtedness to the company, given on account of past premium payments on said policy
8 issued to the insured, which indebtedness shall then be cancelled, the balance shall be taken as a net single
9 premium for temporary insurance for the full amount written in the policy, and the term for which such
10 temporary insurance shall be in force shall be determined by the age of the person whose life is insured at
11 the time of default of premium and the assumption of mortality and interest aforesaid; but if the policy
12 shall be an endowment, payable at a certain time, or at death, if it should occur previously, then if what
13 remains as aforesaid shall exceed the net single premium of temporary insurance for the remainder of the
14 endowment term for the full amount of the policy, such excess shall be considered as a single premium for
15 a pure endowment of so much as such premium will purchase, determined by the age of the insured at date
16 of defaulting the payment of premium on the original policy, and the table of mortality and interest as
17 aforesaid, which amount shall be paid at end of the original term of endowment, if the assured shall then
18 be alive.